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November 05, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO INPATIENT INTENSIVIST AND
HOSPITALIST SERVICES AGREEMENT
(SUPERVISORIAL DISTRICTS 2 and 4)
(3 VOTES)**

SUBJECT

Request approval to extend the term of the Inpatient Intensivist and Hospitalist Agreement with Primary Critical Care Medical Group for three years and increase the maximum obligation accordingly, while the Department of Health Services transitions to services using County physicians, and delegate authority to further increase the maximum obligation and extend the Agreement term for up to six additional months, if needed for completion of the transition of services.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 10 to Inpatient Intensivist and Hospitalist (IH) Services Agreement No. 75936 (Agreement) with Primary Critical Care Medical Group (PCCMG) effective upon Board approval, to extend the Agreement term for a period of three years through November 30, 2016 with an option to further extend the term for up to six months on a month-to-month basis, while the Department of Health Services (Department) transitions to services using County employees, at an annual maximum obligation of \$1.90 million for services at Harbor-UCLA Medical Center (H-UCLA MC), and \$4.12 million for Rancho Los Amigos National Rehabilitation Center (RLANRC).

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 November 5, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

2. Delegate authority to the Director or his designee to execute future Amendments to: i) increase the maximum obligation for H-UCLA MC in the event that additional time, not to exceed six months, is needed to complete H-UCLA MC's one-year transition plan, ii) increase the maximum obligation for RLANRC and extend the Agreement term up to six months, on a month-to-month basis, in the event that additional time is needed to fully implement RLANRC's three-year transition, and iii) reduce PCCMG's service levels and fees during the transition period as utilization of Contractor's services diminish.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

PCCMG's staffing model reduces overcrowding by placing a hospitalist in the H-UCLA MC emergency department on a 24/7 basis, and improves patient flow by assessing and discharging patients suitable for lower-level-care settings (e.g. urgent care), managing patient transfers in and out of the hospital, and acting as the single point of contact for County physicians and hospital staff for patients waiting for an inpatient bed. PCCMG also provides intensivists on a 24/7 basis at RLANRC to manage patients who are critically ill and require intensive monitoring in the hospital's intensive care unit. By managing such patients with life-threatening conditions, intensivists improve the quality of care provided to these patients. PCCMG physicians also actively attend committee meetings of the medical staff of various hospital departments to develop and implement quality improvement initiatives, and provide administrative support to assist the hospital with credentialing, scheduling, reporting, and implementing performance improvement initiatives.

Approval of the first recommendation will allow the Director, or his designee, to execute an Amendment, substantially similar to Exhibit I, to provide the Department with the necessary time to recruit, hire, train, and evaluate in-house physicians and staff to perform IHH services currently provided by PCCMG at H-UCLA MC and RLANRC under the following transition plans:

H-UCLA MC's Transition Plan

Under H-UCLA MC's one-year transition plan, the Department plans to hire 8.4 FTEs of hospitalists (physicians who are board-certified in Internal and Family Medicine) currently provided by PCCMG. While H-UCLA MC has begun its transition plan implementation, which has resulted in a significant decrease in maximum obligation for the extension period, it may also face challenges in recruiting and hiring the remaining physicians in a competitive marketplace.

RLANRC's Transition Plan

Under RLANRC's three-year transition plan, the Department plans to hire 7.6 FTEs of hospitalists and 4.2 FTEs of intensivists (physicians who are board-certified in Internal Medicine and board-certified/eligible in Pulmonary Medicine, Cardiology, or Critical Care Medicine) currently provided by PCCMG. Since RLANRC lacks an internal medicine program, it is unable to recruit from within, and may rely on the services of a professional recruiter, particularly in a marketplace where competition for hospitalists/intensivists is intense and new graduates are less willing to make long-term commitments in hospitals without an internal medicine program and emergency department.

Approval of the second recommendation will provide H-UCLA MC and RLANRC with additional time to fully implement their transition plan in the event of unforeseen delays or obstacles in recruiting, hiring, and retaining in-house staff. It will also allow the Director to reduce service levels and fees charged by PCCMG as DHS assumes PCCMG's contractual responsibilities during the transition period.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The County's maximum obligation for the three-year extension period, December 1, 2013 through November 30, 2016, is \$14.26 million consisting of \$1.90 million for H-UCLA MC and \$12.36 million for RLANRC. Funding is included in DHS' FY 2013-14 Final Budget and will be requested as continuing appropriation each subsequent fiscal year, as needed.

As each hospital implements its transition plans and hires County-employed physicians, the actual contract expenditures will decrease, but cannot be accurately projected at this time due to the uncertainties in the recruitment and hiring of such physicians.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board made a finding pursuant to Los Angeles County Code section 2.121.420 that the IIH Services can more feasibly be performed by independent contracts, and on November 28, 2006, approved and executed the Agreement with PCCMG for the provision of IIH services at Martin Luther King, Jr - Harbor Hospital (MLK-Harbor), which was subsequently amended to add RLANRC, H-UCLA MC, and LAC+USC Medical Center (LAC+USC MC) to expand acute care capacity at RLANRC and reduce the overcrowding in emergency departments at H-UCLA MC and LAC+USC MC that resulted from an influx of patients after the closure of MLK-Harbor.

The Department previously informed the Board of its intent to recruit and hire County-employed physicians to perform IIH services. In February 2013, the LAC+USC MC successfully transitioned hospitalist services in-house. H-UCLA MC and RLANRC have developed similar transition plans as previously discussed.

The Current Agreement includes language allowing either party to terminate the Agreement, with or without cause, with a 30-day advance written notice by County to PCCMG, and a 120-days advance written notice by PCCMG to County.

County Counsel has reviewed and approved Exhibit I as to use and form.

CONTRACTING PROCESS

Pursuant to delegated authority authorized by the Board on November 28, 2006, the Department issued a Request for Information to select and execute the Agreement with PCCMG as a result of the then impending closure of MLK-Harbor. The Board has approved the extension of the Agreement thereafter.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will allow the provision of IIH Services to continue uninterrupted until the Department transitions services using County-employed physicians.

Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:ck

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

**INPATIENT INTENSIVIST AND HOSPITALIST
SERVICES AGREEMENT**

AMENDMENT NO. 10

THIS AMENDMENT is made and entered into this _____ day
of _____, 2013

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

PRIMARY CRITICAL CARE
MEDICAL GROUP
(hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled "INPATIENT INTENSIVIST AND HOSPITALIST SERVICES AGREEMENT" dated November 30, 2006, and further identified as County Agreement No. 75936, and any amendments thereto (all hereafter "Agreement"); and

WHEREAS, pursuant to California Health and Safety Code, Sections 1441 and 1445, County has established and operates, through its Department of Health Services (hereinafter "Department" or "DHS"), various County hospitals, comprehensive health centers and health centers; and

WHEREAS, Department intends to transition the performance of Contractor's services to County employees over a period of three years; and

WHEREAS, the parties are desirous of amending the Agreement to extend the term of the Agreement to allow Harbor-UCLA Medical Center (Harbor-UCLA MC), and Rancho Los Amigos National Rehabilitation Center (RLANRC) to continue utilizing the

Contractor's services under the Agreement until the transition plans are fully implemented; and,

WHEREAS, the Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall commence and be effective upon execution as reflected in the date hereinabove written.

2. Agreement, Paragraph 1, TERM AND TERMINATION, is deleted in its entirety and replaced as follows:

“1. TERM AND TERMINATION:

The term of this Agreement shall commence on December 1, 2006, and shall continue in full force and effect to and including November 30, 2016.

The County shall have the sole option to extend this Agreement term on a month-to-month basis for up to six (6) months, for a maximum total Agreement term of ten years and six months. Such option shall be exercised at the sole discretion of the Director or his/her designee as authorized by the Board of Supervisors.

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option. This Agreement may be

extended only by a formal amendment approved by the Board of Supervisors.”

3. Agreement, Paragraph 3, AGREEMENT SUM, Subparagraphs B and C are revised as follows:

"3. AGREEMENT SUM:

B. As to the provision of services at Rancho:

1) For that period August 14, 2007 through November 30, 2007, the Maximum Obligation for those services shall not exceed One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000).

2) For that period December 1, 2007 through November 30, 2010, the Maximum Obligation for services provided shall not exceed Thirteen Million Five Hundred Thousand Dollars (\$13,500,000).

3) For that period December 1, 2010 through November 30, 2012, the Maximum Obligation for services provided shall not exceed Seven Million Dollars (\$7,000,000).

4) For that period December 1, 2012 through November 30, 2013, the Maximum Obligation for services provided shall not exceed Three Million Five Hundred Thousand Dollars (\$3,500,000).

5) For that period December 1, 2013 through November 30, 2016, the annual obligation for services provided shall not exceed Four Million One Hundred Twenty Thousand Dollars

(\$4,120,000) for a total of Twelve Million Three Hundred Thirty-Six Thousand Dollars (\$12,360,000) during the extension period.

C. As to the provision of services at Harbor-UCLA:

1) For that period May 6, 2008 through November 30, 2008, the Maximum Obligation for services provided shall not exceed Eight Hundred Nine Thousand Dollars (\$809,000).

2) For that period December 1, 2008 through November 30, 2010, the Maximum Obligation for services provided shall not exceed Two Million Eight Hundred Twenty Thousand Dollars (\$2,820,000).

3) For that period December 1, 2010 through November 30, 2012, the Maximum Obligation for services provided shall not exceed Five Million Sixteen Thousand' Dollars (\$5,016.000).

4) For that December 1, 2012 through November 30, 2013, the Maximum Obligation for services provided shall not exceed Two Million Five Hundred Thousand Eight Dollars (\$2,508,000).

5) For that period December 1, 2013 through November 30, 2014, the Maximum Obligation for services provided shall not exceed One Million Nine Hundred Thousand Dollars (\$1,900,000)."

4. Agreement, Paragraph 6, NONEXCLUSIVITY, is deleted in its entirety and replaced as follows:

"6. NONEXCLUSIVITY AND TRANSITION OF CARE

A. Contractor acknowledges that it is not necessarily the exclusive provider to County of the service to be provided under this Agreement.

B. Transition of Care. Contractor understands that County intends to directly perform Agreement services using County employees at Harbor-UCLA by November 30, 2014, and at Rancho by November 30, 2016.

1. Director and Contractor shall negotiate in good faith to reduce the Contractor's level of work required under this Agreement, or reduce the County's payment obligations accordingly, or revise such other terms and conditions, as may become necessary to implement and complete the transition by the target dates set forth above.

2. In the event that additional time is needed to complete the transition of care, County shall have the sole option to extend the target date for Harbor-UCLA or Rancho on a month-to-month basis for up to six (6) months.

3. All revisions under this Subparagraph B shall be accomplished through an Amendment executed by County and Contractor. Such Amendment shall be exercised at the sole discretion of the Director or his/her designee as authorized by the Board of Supervisors. All other changes shall require approval by the Board of Supervisors."

5. Except for changes set forth hereinabove, the wording of the Agreement shall not be changed in any respect by this Amendment.”

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:

John Krattli
County Counsel